

*DOME PETROLEUM LIMITED  
INTERIM REPORT-JUNE 30, 1976*



## TO THE SHAREHOLDERS:

### FINANCIAL

The financial results for the first six months of 1976, compared with those for the same period in 1975, are as follows:

	1976	1975
Revenue	\$157,761,000	\$89,702,000
Cash Flow	47,321,000	33,270,000
Net Earnings Before		
Deferred Income Taxes	38,182,000	26,531,000
Per Share	\$3.32	\$2.36
Net Earnings	23,193,000	15,768,000
Per Share	\$2.02	\$1.40
Average Shares Outstanding	11,495,000	11,250,000

Cash flow from operations to June 30, 1976 was \$47,321,000 compared with \$33,270,000 for the same period last year, an increase of 42.2%. Net earnings before deferred income taxes increased by 43.9% to \$38,182,000, while net earnings after deferred income taxes for the first six months of 1976 were \$23,193,000 or 47.1% higher than the \$15,768,000 earned in the same period of 1975. The increases in cash flow and earnings reflect expansion in all segments of Dome's operations.

### EXPLORATION AND DRILLING

Dome participated in the drilling of 57 gross wells (10 net working interest plus 33 royalty interest wells) during the second quarter of 1976 compared with 52 gross wells (26 net working interest plus 5 royalty interest wells) for the same period in 1975. Thirty-five of these wells were drilled at no cost to the Company. Explora-

tory drilling during the quarter resulted in one oil discovery and five gas discoveries and development drilling produced three oil and 30 gas wells. During the period Dome acquired 86,831 gross acres (74,365 net acres) through purchases at Crown land sales.

### Alberta

- In the Brownfield - Castor area of Alberta, the Company drilled five successful step-out wells, extending the field limits and adding to Dome's gas reserves.
- At Hotchkiss, 300 miles northwest of Edmonton, the Company drilled its fifth successful gas well resulting in production from the Basal Cretaceous and Mississippian formations. Drilling to date indicates a large productive area and further drilling is planned. Dome has an interest in 10,080 gross acres (3,330 net acres) in the vicinity.
- At Penhold, 70 miles north of Calgary, Dome participated in a gas discovery where the Company has a 46.25% interest in approximately 8,000 acres.
- At South Kaybob, 135 miles northwest of Edmonton, the Company continued its exploratory and delineation drilling program. Dome has varying interests in 99,200 acres in the area.

### Saskatchewan

- In South Central Saskatchewan, Dome participated in the drilling of a second oil discovery which yielded oil from both the Winnipegosis and Ordovician zones. Dome has a 23% interest in the discovery and surrounding 13,600 acres. Further seismic and drilling activities, however, are contingent upon improved fiscal arrangements with the Saskatchewan Government.



**Arctic Islands**

Panarctic Oils Ltd. announced the completion of a highly productive third oil well at Bent Horn on Cameron Island. The well, West Bent Horn A-02, is located approximately three-quarters of a mile north of a Dome 30,000 acre, 92.5% interest permit.

The Company is continuing its participation in the extensive offshore Arctic Island seismic program. During the second season, over 2,200 miles of seismic were shot over sea-ice and a further 1,000 miles are planned for open water areas this summer. To date in excess of \$20 million has been expended on this program with Dome's share amounting to approximately 11%.

**Beaufort Sea**

On August 3, 1976 the Canmar fleet, consisting of two drillships, three ice-breaker support vessels, the Canmar carrier and a barge had successfully negotiated the passage around Point Barrow. At the current rate of progress, the drillships should arrive on location by August 6th and will immediately commence drilling operations.

Explorer II, the third Canmar drillship, is enroute to the Beaufort Sea via the East Coast and the Northwest Passage. The vessel is scheduled to reach its destination in mid-September and will assist with preparations for the 1977 season.

**COCHIN**

In early June 1976, Dome executed the basic agreements with Dow Chemical of Canada Limited and The Alberta Gas Trunk Line Company Limited for the construction of the Cochin Pipeline which has now commenced.

The Company's participation in the project involves full utilization of ethane production

from Dome's Empress Plant, construction and operation of additional ethane extraction facilities at Edmonton, an ethane gathering system in Alberta and the 1,800 mile Cochin Pipeline.

Dome's investment in the project is expected to be in the order of \$150 million and financing of the Company's participation has been essentially completed. Dome expects to expend approximately \$25 million on the project in 1976 in addition to the \$15 million previously expended. The facilities are scheduled to be completed and on stream in early 1978.

**FOREIGN INVESTMENT REVIEW ACT**

In order to increase the Canadian control and ownership of the Company, the Directors proposed and the shareholders approved, at an Annual and Special General Meeting held May 6, 1976, an increase in the Board of Directors from nine to ten to enable the appointment of an additional Canadian Director and the exchange of 700,000 common shares of Dome Petroleum Limited for 600,000 common shares of Dome Mines Limited.

On June 28, 1976 the Minister of Industry, Trade and Commerce granted the opinion that Dome is classified as a Canadian company within the meaning of the Foreign Investment Review Act. This status allows the Company to acquire businesses or to expand into new business areas without constraint from the restrictions of the Foreign Investment Review Act.

J. P. GALLAGHER,	W. E. RICHARDS,
<i>Chairman</i>	<i>President</i>

August 5, 1976

**DOMO PETROLEUM LIMITED**  
and its subsidiaries

**CONSOLIDATED STATEMENT OF EARNINGS**

Six Months Ended June 30, 1976 and 1975

	1976	1975
REVENUE	<u>\$157,761,000</u>	<u>\$89,702,000</u>
EXPENSE		
Cost of product	90,360,000	42,210,000
Producing, processing and marketing	11,719,000	8,616,000
General and administrative	1,509,000	1,138,000
Depreciation	7,650,000	5,121,000
Depletion	2,090,000	1,618,000
Interest on long term debt	5,998,000	3,865,000
Other interest	253,000	603,000
	<u>119,579,000</u>	<u>63,171,000</u>

NET EARNINGS BEFORE DEFERRED INCOME TAXES	38,182,000	26,531,000
Deferred income taxes	14,989,000	10,763,000
NET EARNINGS	<u>\$23,193,000</u>	<u>\$15,768,000</u>
Average Shares Outstanding	11,495,000	11,250,000

PER SHARE		
Net earnings before deferred income taxes	\$3.32	\$2.36
Net earnings	<u>\$2.02</u>	<u>\$1.40</u>

*This statement is unaudited.*

**DOMO PETROLEUM LIMITED**  
and its subsidiaries

**CONSOLIDATED STATEMENT OF CHANGES  
IN FINANCIAL POSITION**

Six Months Ended June 30, 1976 and 1975

	1976	1975
FUNDS WERE PROVIDED FROM		
Net earnings	\$23,193,000	\$15,768,000
Adjustment for non-cash items including depreciation, depletion and deferred income taxes	<u>24,128,000</u>	<u>17,502,000</u>
Cash flow from operations	47,321,000	33,270,000
Issues of long term debt	53,691,000	31,672,000
Issues of common shares	<u>26,796,000</u>	<u>14,000</u>
	<u>127,808,000</u>	<u>64,956,000</u>

FUNDS WERE APPLIED TO		
Expenditures for property, plant and equipment	120,085,000	83,894,000
Less amounts, contributed through participation agreements	<u>11,225,000</u>	<u>14,087,000</u>
	<u>108,860,000</u>	<u>69,807,000</u>
Reduction of long term debt	12,050,000	7,933,000
Investment in Dome Mines Limited	24,000,000	—
Investment in Panarctic Oils Ltd.	546,000	1,026,000
Other	<u>2,692,000</u>	<u>268,000</u>
	<u>148,148,000</u>	<u>79,034,000</u>

DECREASE IN WORKING CAPITAL	<u>\$20,340,000</u>	<u>\$14,078,000</u>
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